INTERIM REPORT

FROM THE

DAY CARE ADVISORY COMMITTEE

OF THE

SOCIAL PLANNING AND RESEARCH COUNCIL

TO THE

SOCIAL SERVICES COMMITTEE

OF THE

REGIONAL MUNICIPALITY OF HAMILTON-WENTWORTH

JANUARY 18, 1985

THE SOCIAL PLANNING and RESEARCH COUNCIL of Hamilton and District

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A. BACKGROUND

Day Care subsidies (per diems) have proven to be one of the most complex and the most controversial issues in the human services field in this Region in the last few years. Per diems provide assistance to parents in need by paying (fully or partially) for the care of a child through a direct payment to a day care centre.

Some understanding of the historical pattern of funding of day care is essential to any discussion of per diems. Under the Canada Assistance Plan, the Federal government provides 50% of the funds, the Province 30% and the Region 20%. Popularly known as 80/20 funding, the 80% contribution from the senior levels of government comes from the Province. It is the Province which holds the discretion as to exactly how much will be put into day care programmes. The ceiling put on programme expansion by the Province has recently been limited to a standard percentage increase of the funds from the previous year (for example, the 1984 budget allowed the 1983 budget plus 5%).

With these funds, come a set of regulations for Day Nurseries as well as guidelines for the Region, particularly around the calculation of the per diem, (that is the cost per day per subsidized child).

Any policy regarding a change in the size of per diems has implications for parents (whether they are subsidized or not), as the Region currently will not pay per diems for subsidized care which are higher than those paid by fee-paying parents. In other words, under current policy, fee-paying parents must pay at <u>least</u> the equivalent of the Regional per diem. In day care centres that have contracts with the Region, per diems, therefore, effectively set the minimum rate for the centre. In the community at large, the per diem acts as a regulator, in that centres which do not have a contract with the Region to provide subsidized care must remain competitive.

In 1980, the formula for calculating the per diem changed from a base of total attended days to a base of total enrolled days. At that time, the Region set the maximum per diem which it would pay equal to the per diem of the municipally owned Red Hill Centre. Subsequently, in the 1984 budget, the maximum per diem was set at $14.00 although some centres actually received more due to the application of the Provincially set 5% increase (5% increase over the previous year's allowed budget).

Perceived inequities among centres, and an ongoing string of appeals from centres led the Regional Social Services Committee to request a study of aspects of day care, including per diems, by the Social Planning and Research Council under the terms of its 1984 grant from the Committee.

The request from the Region was three fold:

a) Day Care cost and subsequent policy on per diem for the Hamilton-Wentworth area,

b) Day Care Standards and their policy implications to the private sector Day Care community,

c) Possible demand for Day Care services functioning in languages other than English, and that a report be submitted to provide guidance to the Committee in respect to (a) above, prior to the start of the 1984 budget process, e.g. January 1, 1985.

B. METHODOLOGY

The S.P.R.C. determined that one of the most effective methods for completing this work would be the formation of an Advisory Committee on Day Care made up of consumers and providers of day care services in the community. The Advisory Committee on Day Care, based in Hamilton-Wentworth, began meeting on October 25, 1984.

The committee was brought together by randomly contacting day care centres which had a contract with the Region and asking them to help us identify interested operators, staff, and parents. The committee was made up of two operators/administrators (one from a profit centre, one from a non-profit centre); two front-line staff (one from a profit centre, one from a non-profit centre); two parents (one subsidized, one fee-paying) and a representative from the Association for Early Childhood Education of Ontario. Due to the request from the Social Services Committee, the Advisory Committee decided that its first priority was an analysis of "Day Care cost and subsequent policy on per diem for the Hamilton-Wentworth area". The committee worked to a target date of early February so that its work and recommendations could be discussed at the time of the Regional budget consideration.

C. ANALYSIS OF THE PER DIEM

Per diems are calculated by dividing the total allowable budget of a centre by its total enrolled days. The total enrolled days are largely fixed and represent, for any given centre, a constant. Shifts in the per diem are usually due to the budget; any change in the budget has a direct impact on the per diem.

After completing an analysis of the Regional Day Care Budget, we contacted day care centres and asked them to provide us with a copy of their projected 1985 budget. We were able to study five budgets (three from non-profit centres and two from profit centres).

Analysis of these budgets indicated that budgets varied widely, particularly in areas such as rent. Taking into account this variability, and determining that its work on per diems should reflect the real costs of day care, the Advisory Committee decided to approach the issue through the establishment of a benchmark per diem which might act as an upper limit, or ceiling, on per diems.

The committee felt this benchmark should provide flexibility to operators (that is, no centre would be compelled to move towards it) while setting a standard which reflects real costs.

D. SETTING THE BENCHMARK

In order to set the benchmark, the Committee used Page 4 of the budget submission (See Appendix 1) which centres must provide to the Regional Social Services Department. The committee then proceeded to a line by line consideration, and concluded by recommending a ceiling for each section of the budget form on Page 4.

a) Wages

In analyzing the budgets provided by the centres to us, it became apparent that the major component in determining size of budgets was the staffing in a centre, and, more particularly, the related wages and benefits. Our analysis indicated that these items total between 75% and 85% of most day care budgets. Although there are six other sections in the budget forms which centres submit to the Region, wages and benefits have serious implications in terms of quality of care (it is difficult to keep good workers without a financial recognition of their quality).

From the perspective of both parents and workers on the Advisory Committee, low wages assault an important component of the philosophy that day care is more than "baby-sitting". Day care workers are trained professionals, skilled and knowledgeable in early childhood education. Low salaries do not recognize this high degree of professionalism.

With the current system of subsidy, whereby fee paying parents must be minimally charged the same per diem which subsidized children receive, the only way to keep day care affordable for the general community is to keep salaries low. The average wage currently paid to day care workers (non-supervisory staff) is $10.000 per year with minimum benefits. The poverty line for a single person is $9,403 (Statistics Canada, Low Income Cutt Off Point: 1984 level derived by applying the National Council on Welfare's inflation estimate of 5% on to the 1983 level). If this person happens to have any dependents, the family would fall below the poverty line. Low salaries mean that, in fact, day care workers are currently subsidizing the day care system.

The Association for Early Childhood Education annually publishes recommended salary scales. In examining these scales, the committee decided that, in order to reflect costs which would recognize the contribution (and professionalism) of day care workers, the salary lines in the benchmark should reflect the AECE guidelines. Because the most current scales were not available to us, we used the 1983 scales upgraded by 8.8%.

b) Benefits (Section 2)

The benefits provisions in current budgets were, generally speaking, kept to a minimum for both full and part-time staff. When checking the community at large with both public and private workplaces of comparable sizes, we found that most employers offer a benefit package in the 10% range for full-time staff (not including vacational allowance).

The committee is recommending, therefore, that the benefits line in the benchmark have a ceiling of 10% of salaries. However, where operators are prepared to provide a larger benefits package, we recommend flexibility in the application of this ceiling.

c) Other Staff Costs (Section 3)

In reviewing budgets, the committee recognized that many centres do not budget so as to permit professional development.

In recommending a ceiling, the committee decided to average the cost of the sum of an AECE conference, one return trip to Toronto, AECE membership and the cost of an evening course at Mohawk College. The ceiling in this section, therefore, while too low to cover all associated AECE costs, would be balanced by upgrading courses for the rest of the staff (e.g. the cook). As a result, the recommended ceiling is $150 per full time staff person.

d) Property Occupation and Maintenance (Section 4)

The section which showed the most variation among centres was the one showing "Property Occupation and Maintenance". Some centres use premises that were specifically built for their purpose and therefore their rental costs tend to be higher. Some centres rent space in church basements and their rental costs tend to be lower. Because of this situation, the committee found it impossible to set an accurate ceiling other than for line f) "Repairs and Maintenance". The use of actuals for the benchmark in this section seemed the most practical decision.

Repairs and maintenance presented a problem, the current practice is for centres to cost out major repairs over a few years (usually five), but operators must pay the bill for major repairs at the time the work is done. A built-in contingency fund would allow centres to accumulate some money for emergencies. The committee tried to get some idea as to what costs might be involved for repairs and maintenance for a non-residential building on a yearly basis. Although there is no rule of thumb, some people involved in real estate suggested that 5% would be a reasonable, if not accurate, figure.

e) Equipment and Furnishings (Section 5)

Section 5 of the budgets we reviewed presented a problem. In an

attempt to understand the wide variation between various centres in this line, we realized that all centres do not fill out their budgets the same way. Some centres will enter the cost of an item on line 5A, whereas another centre will enter the same expense on line 8A (program supplies). Further, some centres will differentiate whether they buy one unit of an item or in bulk (for example, one puzzle might be entered in line 8A, whereas 10 puzzles will be entered on line 5A). To try and limit the confusion, we decided to combine Sections 5 and 8 (Supplies and services). A ceiling of $.75 per child was reached by then averaging what centres spend when both sections are added together.

f) Food (Section 6)

The recommended ceiling for food was determined by using the SPRC's Guide for Family Budgeting, 1982. Although it could be argued that larger centres should be able to buy in bulk and therefore reduce their expenses, this would only really apply to the municipal centre, as all the other centres are too small for this to make a significant difference.

g) Travel (Section 7)

The travel expenses shown in budgets we examined displayed a wide variation. Since some centres run summer camp programmes, their travel expenses are much higher than centres which do not. The committee, therefore, decided to base its recommendation on $10 a year per child (considering that children don't pay on the public transit system, this would allow a few outings by renting a van). For centres who run additional programmes (such as summer camp), the committee recommends that special consideration be given them to compensate their costs above the recommended ceiling.

h) Supplies and Services (Section 8) Combined with Section 5.

i) Other Costs (Section 9)

Section 9 (Other Costs) was difficult to ascertain due to the nature of the costs involved (such as business taxes or bank charges). The committee decided to set the ceiling by calculating the average cost but recommending actuals for a), b) and c) to make provisions for centres whose costs might go above the ceiling due to these items (insurance, business taxes and audits).

j) Interpreting the Benchmark

The recommended benchmark represents an ideal, but realistic budget, assuming in particular, adequate remuneration to staff. The committee in developing this approach, felt that centres would have some flexibility. The benchmark represents a ceiling (for 1985) which should be updated annually. The committee recommends an annual updating using the % change in the Consumer Price Index.

The ceiling was set on a section by section basis. However, because no two budgets are the same, centres who keep their costs down in one section - except Sections 1 and 2 (wages and benefits), should be allowed to go higher in another section, but must not exceed the recommended benchmark total.

E. IMPLEMENTING THE BENCHMARK: ALTERNATIVE STRATEGIES

The benchmark having been determined, the Committee proceeded to look at the various ways it could be used, and the consequences of using it in particular ways. The committee saw four ways in which the benchmark could be used:

1) institute the benchmark and allow centres to move towards it

2) institute the benchmark and phase it in over five years

3) accept the benchmark, but not institute it

4) reject the benchmark

We then reviewed each alternative with reference to its possible ramifications, strengths and weaknesses.

a) Rejecting the Benchmark

The committee feels strongly that the benchmark approach is a sensible alternative to the chaos of appeals and inequity in the current per diem system. Without at least acceptance of the concept of "benchmark", the real costs of day care in this community will remain hidden. Our committee strongly advises that Option 4 - rejection of the benchmark - is not a satisfactory alternative.

b) Accept the Benchmark but do not Institute It

The committee, after discussion, felt that even if the Region only accepted the concept of benchmark without instituting it, there would be benefits to the community. In particular, it would set the benchmark on record as an acknowledgement in principle of the true costs of day care in Hamilton-Wentworth. It would then be possible at a future date to implement it.

Since any increase in per diem over the Provincial ceiling could mean a reduction in service, the status quo would be maintained (i.e. no waiting list), and fee paying parents would not be confronted by an increase in fees of more than the Region's per diem increases to centres under contract. One of the ramifications of minimal increases in per diem is to keep fees low - as well as salaries.

However, on the negative side, any current inequity in the per

diem system would continue and the Region would be fairly certain that the recent history of appeals would continue. Further, day care workers would continue to subsidize the system through low wages which fail to recognize their professional training. Further, since increases in other budget lines (equipment, food, et cetera) at least allow the potential for better quality care, this potential is blocked. (Although the committee recognizes the outstanding job many centres are currently doing under less than advantageous conditions).

Unless, however, the benchmark is implemented, even having it on record in principle can go only so far in raising public awareness of the costs of day care, since parents would continue to get service for less than real costs.

c) Institute the Benchmark and Phase in Over Five Years

If the Region were to decide to implement the benchmark, it has the option of phasing in movement towards it. Under this scenario, centres could choose to increase their budgets up to a pre-determined ceiling every year which would, in the sixth year, mean equivalence of the maximum per diem and the benchmark. (The formula for such a phase in is found in Appendix 2).

There are, as with all alternatives discussed here, drawbacks to this approach. As long as fee-paying parents have to minimally pay the equivalent of the Regional per diem (which we understand to be necessary due to agreements under the Canada Assistance Plan), any movement towards the benchmark means fee-paying parents will have substantial increases in their fees. This might be somewhat softened by some increase in the number of persons who could qualify for partial subsidy, but, nevertheless, the impact could be fairly significant.

Further, increases in the per diem which would outstrip the % increase guidelines set down by the Province could mean the development of a waiting list. (In other words, at a certain point, an increase in cost per unit of service will reduce the number of units which can be serviced).

Two trends may emerge: fewer families being able to get subsidized care due to the emergence of a wait list, and fee-paying parents leaving centres because they can no longer afford the fees. By phasing this process in, these trends are stretched out over time leading, perhaps, to a slow "hemorrhaging" of the day care system. However, it might also mean that adjustment to change will be easier. (For example, a small fee increase each year over five years may be something many parents are prepared to face).

Because our committee is recommending that centres have the option of moving to the benchmark, any movement towards the benchmark may increase inequities among centres. Some, in order to keep parent fees low, may not move at all. Others, with a high proportion of subsidized spaces, may move quickly.

However, there are strong benefits to moving towards the benchmark in a phased process. The institution of the benchmark allows centres more flexibility in setting a budget which reflects true costs, and would mean a serious improvement in wages in a field where such improvement is badly needed.

The potential for quality care would be increased with reference to budget lines other than salaries. Further, it would eliminate appeals since centres have the flexibility to budget realistically and would have the assurance that their per diems could, if they so chose, approach a realistic ceiling.

An allied benefit is that the public would develop a better appreciation of the true costs of day care.

d) Institute the Benchmark and Allow Centres to Move Towards it Immediately

This option has the same strengths and weaknesses as the phase-in option with one important difference. Whereas the problems of wait lists and parent fees would be phased - or stretched out over time - under the phase-in option, allowing centres to move immediately towards the benchmark would concentrate these problems in a short time span, precipitating what might, in some quarters, be perceived as a "crisis".

While no-one would want to see children on wait lists, the practical reality is that, under Provincial guidelines, the current system is under-funded and being subsidized by low wages, and less than optimum quality due to low per diems (not poor quality of care). If we are to look seriously at funding day care adequately, there really are only two options: continuing as we have been, with all the attendant chaos and inequity that means, or; determining to fund at appropriate levels, recognizing that under-funding of the system will emerge as symptoms elsewhere in the system (i.e. waiting lists).

Our committee feels strongly that the decision about how, or if, to implement the benchmark is a political decision. For this reason, we are not recommending any one option, but see our role as pointing out what the potential consequences of any decision might be.

F. RECOMMENDATIONS ON THE BENCHMARK

Day Care Advisory Committee of the Social Planning and Research Council recommends:

1. That the Regional Municipality of Hamilton-Wenworth adopt the concept of a benchmark for per diems paid to day care centres and that the benchmark be consti-

tuted as follows (with reference to Page 4 of the budget form, see Appendix 1):

i) Section 1: Wages - That centres use up to the Association for Early Childhood Education pay-scale.

ii) Section 2: Benefits - That benefits be paid at up to 10% of salary for all full-time staff and at up to 6% for all part-time staff (not including vacation pay).

iii) Section 3: Other Staff Costs: - That $150.00 be set aside for all full-time staff to provide for professional training and upgrading.

iv) Section 4: Property Occupation and Maintenance - That actuals be used for "Property occupation and maintenance" and that 5% of the rent or rental factor be allowed for "Repairs and Maintenance" (item f)

v) Section 5: Equipment and Furnishings - That sections 5 and 8 of page 4 of the budget be combined and that $0.75 per child per day be allowed.

vi) Section 6: Food - That $2.06 per school-age child per day, $1.76 per pre-school child per day and $1.46 per toddler per day be allowed.

vii) Section 7: Travel - That $0.04 per child per day be allowed and that special consideration be given to centres who run summer programmes to allow for extra costs.

viii) Section 8: Supplies and Services - See Section 5

ix) Section 9: Other Costs - That $0.41 per child per day be allowed and in the event the total of this section is above the recommended ceiling, that actuals be used for lines A, B, and C.

2. That this benchmark be updated annually by using the percentage change in the Consumer Price Index starting January 1, 1986.

3. That, except for wages and benefits (as outlined in Recommendation 1 (i) and 1 (ii), centres be allowed to budget over and/or under the recommended ceiling per

section of the budget, except that the total budget should not be allowed to exceed the total recommended benchmark.

G. UNDERFUNDING OF DAY CARE

In the course of its deliberations, the Committee became acutely aware that the day care subsidy programme is underfunded. This was particularly evident when the Committee realized the relationship of low wages to low per diems, and recognized that recommending wage levels which would increase per diems significantly might result in a waiting list.

The Committee further recognizes that, by and large, underfunding of day care is a Provincial responsibility. However, this Region has in the past, shown its willingness to advocate for day care (for example, 100 cent dollars to meet shortfalls in the programme).

There are no easy answers to the dilemmas of day care without substantial injections of funds. For this reason, our Committee respectfully recommends that:

4. The Regional Municipality of Hamilton-Wentworth, in keeping with its past commitments to providing high quality day care which responds to community needs, adopt a strong advocacy position vis-a-vis the Province to ensure that funding adequate to meet needs in this community is provided.

ADDITIONAL CONCERNS AND RECOMMENDATIONS

The Committee in order to respond to the Social Services Committee, felt its priority to be the per diem. The analysis of the budgets was complex enough to keep us focused on the per diem for most of our meetings. In the course of this analysis, however, other issues came up. The Committee did, therefore, deal with issues directly related to day care cost and per diem policy and tabled ones that would be related to other parts of our mandate.

In our contacts with day care centres, it came to our attention that some centres have a high therapeutic referral population. These centres do have expenses above other day care centres. They have to increase their ratios (instead of one employee for 8 children, age 30 months to 5 years as dictated by the regulations, they would have 6 children). This means that such centres need more staff than a centre of comparable size and since, as we saw before, wages and benefits make up most of a centre's budget, the consequences for their budget are significant. Due to the special situation of centres which deal with therapeutic referrals and the extra work involved, the Committee felt that they should be given special consideration by recognizing that their per diem must be higher than that of other day care

centres. For centres which have a large therapeutic population (e.g. 50% or more), special consideration should be given to their budgets. For centres with a smaller therapeutic population, it would be advisable to study the expenses involved and set a premium on their per diem that would recognize their extra cost.

Sensitivity to special circumstances, particularly due to the section by section ceiling, recommended in the benchmark approach, means that the Region will have to be more closely involved with the budgets submitted by centres. If the Region employs the benchmark, with ceilings set section by section, it is reasonable to seek financial accountability from centres so that the Region can be secure in the knowledge that funds actually go where they are attributed. The Committee believes that it is not unreasonable for the Region to request financial information from day care centres which ensures accountability. The Committee is currently investigating whether audited statements or "arms's length" financial statement would better meet this need for accountability, and will make its recommendations in a later report.

In light of the above discussion, the Committee recommends:

5.a) That centres with a therapeutic referral population of 50% or more be given special consideration for costs which increase their per diems above the benchmark.

b) That the Region investigate possiblity of a premium above the benchmark for centres with less than 50% therapeutic referrals.

I. SUMMARY OF RECOMMENDATIONS

The Day Care Advisory Committee of the Social Planning and Research Council respectfully recommends:

1. That the Regional Municipality of Hamilton-Wentworth adopt the concept of a benchmark for per diems paid to day care centres and that the benchmark be constituted as follows (with reference to page 4 of the budget form, see Appendix 1):

i) Section 1: Wages - That centres use up to the Association for Early Childhood Education of Ontario pay-scale.

ii) Section 2: Benefits - That benefits be paid at up to 10% of salary for all full-time staff and at up to 6% for all part-time staff (not including vacation pay).

iii) Section 3: Other Staff Costs - That $150.00

be set aside for all full-time staff to provide for professional training and upgrading.

iv) Section 4: Property Occupation and Maintenance - That actuals be used for "Property Occupation and Maintenance" and that 5% of the rent or rental factor be allowed for "Repairs and Maintenance" (item F)

v) Section 5: Equipment and Furnishings - That sections 5 and 8 of page 4 of the budget be combined and that $0.75 per child per day be allowed.

vi) Section 6: Food - That $2.06 per school-age child per day, $1.76 per pre-school per day and $1.46 per toddler per day be allowed.

vii) Section 7: Travel - That $0.04 per child per day be allowed and that special consideration be given to centres which run summer programmes to allow for extra cost.

viii) Section 8: Supplies and Services - See Section 5.

ix) Section 9: Other Costs - That $0.41 per child per day be allowed and in the event the total of this section is above the recommended ceiling, that actuals be used for lines A, B and C.

2. That this benchmark be updated annually by using the percentage change in the Consumer Price Index starting January 1, 1986.

3. That, except for wages and benefits (as outlined in Recommendation 1 (i) and 1 (ii), centres be allowed to budget over and/or under the recommended ceiling per section of the budget, except that the total budget should not be allowed to exceed the total recommended benchmark.

4. The Regional Municipality of Hamilton-Wentworth, in keeping with its past commitments to providing high quality day care which responds to community needs, adopt a strong advocacy position vis-a-vis the Province to ensure that funding adequate to meet needs in this community is provided.

5.a) That centres with a therapeutic referral population

of 50% or more be given special consideration for costs which increase their per diem above the benchmark.

b) That the Region investigate the possibility of a premium above the benchmark for centres with less than 50% therapeutic referrals.

APPENDIX 1

PAGE 4 OF BUDGET

SUBMISSION FROM DAY CARE CENTRES

TO THE REGION

(USED IN SETTING BENCHMARK)

BUDGET SHEET

ITEM	Actual Costs (Column 1)	Projected Costs (Column 2)	(Column 3)	(Column 4)
1. SALARIES AND WAGES				
A. Supervisory				
B. Teaching				
C. Assistant Teaching				
D. Kitchen				
E. Housekeeping				
F. Maintenance				
G. Administration				
H. Temporary				
2. STAFF BENEFITS				
3. OTHER STAFF COSTS				
A. Training				
B. Travel -- home visits and reference travel (take appropriate wage from Item 12)				
C. Professional Dues & Fees				
4. PROPERTY OCCUPATION & MAINTENANCE				
A. Rent				
B. Rental Factor				
C. Telephone				
D. Utilities				
E. Property Taxes				
F. Repairs & Maintenance				
G. Renovations				
5. EQUIPMENT & FURNISHINGS				
A. Purchase New Equipment				
B. Repairs & Maintenance				
6. FOOD				
7. TRAVEL EXPENSES				
A. Field Trip				
B. Emergency				
C. Other Business (Purchasing-Shopping - take appropriate wage from Item 12)				
8. SUPPLIES AND SERVICES				
A. Program Supplies				
B. Kitchen				
C. Housekeeping & Cleaning				
D. Health				
E. Office				
F. Laundry				

F. Maintenance G. Administration H. Temporary					
. . STAFF BENEFITS					
. OTHER STAFF COSTS A. Training B. Travel -- home visits and conference travel (take appropriate wage from Item 12) C. Professional Dues & Fees					
. PROPERTY OCCUPATION & MAINTENANCE A. Rent B. Rental Factor C. Telephone D. Utilities E. Property Taxes F. Repairs & Maintenance G. Renovations					
. EQUIPMENT & FURNISHINGS A. Purchase New Equipment B. Repairs & Maintenance					
. . FOOD					
. TRAVEL EXPENSES A. Field Trip B. Emergency C. Other Business (Purchasing-Shopping - take appropriate wage from Item 12)					
. SUPPLIES AND SERVICES A. Program Supplies B. Kitchen C. Housekeeping & Cleaning D. Health E. Office F. Laundry					
. OTHER COSTS A. Insurance Premiums B. Business Taxes C. Audit D. Advertising E. Bank Charges F. Miscellaneous					
10. PROFIT (10% profit may be included)					
11. TOTAL OPERATING EXPENDITURES					
. . TRANSPORTATION - CHILDREN (Pa. .) A. Salaries & Wages					

APPENDIX 2

PHASE-IN FORMULA

FOR BENCHMARK

The formula for phasing in the benchmark over a five year period is as follows:

Let: a = benchmark
b = current maximum
c = new rate
d = inflation rate
.x = 1st year = .2
2nd year = .4
3rd year = .6
4th year = .8
5th year = 1.0

Then,

$$c = [b + (.x\ (a - b))]\ d$$

For example, let us assume that in 1985 the current maximum is $10.00 and the benchmark is $20.00. From 1986 to 1990 (phase in period), the rates and benchmark would change as follows (assuming 5% inflation each year).

	Current Maximum	Benchmark	Rate for Following Year
1985	$10.00	$20.00	$12.60
1986	$12.60	$21.00	$16.76
1987	$16.76	$22.05	$20.93
1988	$20.93	$23.15	$23.84
1989	$23.84	$24.30	$25.51
1990	$25.51	$25.51	

APPENDIX 3

SAMPLE BUDGET

REFLECTING BENCHMARK

This example shows the use of the benchmark for a medium size centre.

Section 1 (salaries): For this example, we assumed all teaching staff (except for float) were at the top end of the Association for Early Childhood Education of Ontario guidelines. Salaries were based on the AECEO pay-scale according to their qualifications and positions:

supervisor: AECEO certification and a minimum of 4 years of experience (Director/Supervisor 2)

teacher: AECEO certification (Educator 1)

float: acceptable training that fulfills the requirements of the Day Nurseries Act of Ontario (Assistant Educator 2)

Line 11 shows the calculated per diems which do not include the rental factor. If we were to assume a rental factor of $15.35 per month (including telephone, utilities, etc.). It would add $1.25 to each per diem, to a total per diem of $22.24 for pre-schoolers and $28.86 for toddlers.

One can compare these per diems to existing per diems in Ottawa and Toronto (see Table 1).

TABLE 1

Comparison of Theoretical Benchmark Per Diem (Hamilton-Wentworth) with 1985 Toronto and Ottawa Per Diems

	Pre-School	Toddler
Benchmark	$22.51	$28.09
Toronto	$10.50 - $19.95	$12.60 - $21.00
Ottawa	$12.37 - $22.63	$20.00 - $33.13

From these figures one can see that the benchmark results in per diems not out of line with those paid in Ottawa. Although Toronto per diems are lower, it should be noted that the City of Toronto has allocated large funds ($700,000.00 in 1985, and is planning to allocate 2 million dollars in 1986 and 3 million dollars in 1987) to go directly to staff salaries. This means that salaries in Toronto are being brought up without increasing the per diem beyond 5% from last year.

ADVISORY COMMITTEE ON DAY CARE

		Pre-School	Toddlers
	Licensed Capacity:	48	15
	Units-10% vacancy Rate:	11,232	3510
	% of program:	76.19%	23.8%
1. SALARIES AND WAGES			
A. Supervisory) AECEO	$26,102.20	(1) 19,889.80	6,212.40
B. Teaching) pay scale	19,496.96	(6)116,981.76	(3) 58,490.88
C. Float)	12,807.93	(1) 9,759.64	3,048.29
D. Kitchen	13,000.00	(1) 9,906.00	3,094.00
E. Housekeeping	8,320.00	(1) 6,339.84	1,980.16
F. Maintenance	-		
G. Administration	10,000.00	(0.7) 5,334.00	1,666.00
H. Temporary (Sal. inc. 6% benefits + 4% vacation pay)	$61.44/day	16,432.86	5,132.57
2. STAFF BENEFITS (full time = 10%) (Part-time = 6%)		16,607.74 $ 17.91	7,382.53 $ 24.78
3. OTHER STAFF COSTS $150 per full-time staff			
A. Training			
B. Travel -- home visits and conference travel (take appropriate wage from Item 12)		1,437.21	617.79
C. Professional Dues & Fees			
4. PROPERTY OCCUPATION & MAINTENANCE			
A. Rent			
B. Rental Factor)			
C. Telephone) Actuals			
D. Utilities) N.B:			
E. Property Taxes			
F. Repairs & Maintenance) → 5% of A or B			
G. Renovations)			
5. EQUIPMENT & FURNISHINGS			
A. Purchase New Equipment) combine with line 8			
B. Repairs & Maintenance)			
6. FOOD School age $2.07) pre-school 1.76) Toddler 1.46) per child per day		19,768.32	5,124.60
7. TRAVEL EXPENSES $.04 per child per day N.B. some special consideration should be given centres who run summer programs			
A. Field Trips		449.28	140.40
B. Emergency			
C. Other Business (Purchase-Shopping - take appropriate % age from Item 12)			
8. SUPPLIES AND SERVICES $.75 per child per day			
A. Program Supplies			
B. Kitchen			
C. Housekeeping & Cleaning		8,424.00	2,632.50
D. Health			
E. Office			
F. Laundry			

G. Administration	10,000.00	(0.7) 5,334.00	1,666.00
H. Temporary (Sal.inc.6% benefits + 4% vacation pay)	$61.44/day	16,432.86	5,132.57
2. STAFF BENEFITS (full time = 10%) (Part-time = 6%)		16,607.74 $ 17.91	7,382.53 $ 24.78
3. OTHER STAFF COSTS $150 per full-time staff A. Training B. Travel -- home visits and conference travel (take appropriate wage from Item 12) C. Professional Dues & Fees		1,437.21	617.79
4. PROPERTY OCCUPATION & MAINTENANCE A. Rent B. Rental Factor) C. Telephone) Actuals D. Utilities) N.B: E. Property Taxes) F. Repairs & Maintenance) → 5% of A or B G. Renovations)			
5. EQUIPMENT & FURNISHINGS A. Purchase New Equipment) B. Repairs & Maintenance) combine with line 8			
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8. SUPPLIES AND SERVICES $.75 per child per day A. Program Supplies B. Kitchen C. Housekeeping & Cleaning D. Health E. Office F. Laundry		8,424.00	2,632.50
9. OTHER COSTS $.41 per child per day A. Insurance Premiums) B. Business Taxes) Actuals C. Audit) D. Advertising E. Bank Charges F. Miscellaneous		4,605.12	1,439.10
10. PROFIT (10% profit may be included)			
11. TOTAL OPERATING EXPENDITURES		$20.99	$27.61
12. TRANSPORTATION - CHILDREN (Pg. 6) A. Salaries & Wages			